

Message Text

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PAGE 01 GUATEM 00378 212340Z

64

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 IO-10 AID-05 EB-07 COME-00 OMB-01 TRSE-00

CIEP-01 STR-01 CEA-01 AGR-05 OES-03 INT-05 FEA-01

/095 W

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R 212245Z JAN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5619

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

LIMITED OFFICIAL USE GUATEMALA 0378

E.O. 11652: N/A

TAGS: PFOR, ETRD, GT

REF: GT 0327

1. (BEGIN UNCLASSIFIED) MINECON PALOMO ISSUED STATEMENT TO PRESS YESTERDAY (JANUARY 20) REGARDING GUATEMALAN VIEW OF US TRADE ACT. STATEMENT BEGAN BY CHARACTERIZING TRADE ACT AS MAJOR DEPARTURE FROM US' TRADITIONAL ADHERENCE TO MFN. PALOMO SAID PREFERENTIAL TREATMENT OFFERED LATIN AMERICA AND OTHER DEVELOPING NATIONS THE OPPORTUNITY TO INCREASE EXPORTS TO THE US MARKET AND THAT GUATEMALA HAD ALREADY PRESENTED THE US WITH A LIST OF PRODUCTS FOR WHICH GUATEMALA WOULD LIKE TO RECEIVE PREFERENCE. PALOMO ALSO SAID THAT DESPITE ABOVE POSITIVE POINTS OF TRADE ACT IT WAS REGRETTABLE THAT CERTAIN DISCRIMINATORY FEATURES HAD BEEN INCLUDED. HE STATED THAT SUCH DISCRIMINATION VIOLATED BOTH UNCTAD AND OAS STATUTES AND THAT LAS HAD REITERATED THEIR OPPOSITION TO SUCH

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PAGE 02 GUATEM 00378 212340Z

DISCRIMINATION IN DECEMBER'S SCCN SESSION.

2. PALOMO CHARACTERIZED TITLE V SECTION 502 AS THE MOST DISTURBING FEATURE OF THE TRADE ACT AND SUMMARIZED THE SECTION'S MAJOR POINTS. PALOMO THEN STATED THAT HE TRUSTED THAT THE NEGATIVE FEATURES OF THE ACT COULD BE OVERCOME THROUGH A FLEXIBLE APPLICATION AND EVENTUAL LEGISLATIVE REFORM. HE CITED THE DISAGREEMENT WITH THE ACT THAT HAS BEEN EXPRESSED EVEN IN THE US AS A BASIS FOR HIS HOPE FOR A FLEXIBLE APPLICATION AND FUTURE AMENDMENT. PALOMO CLOSED BY APPEALING FOR THE AVOIDANCE OF INTER-AMERICAN CONFRONTATION OVER THIS ISSUE AND CALLING FOR CONSULTATIONS THROUGH APPROPRIATE HEMISPHERE FORA IN KEEPING WITH THE SPIRIT OF THE NEW DIALOG. (END UNCLASSIFIED)

3. COMMENT (BEGIN LIMITED OFFICIAL USE). IT IS EVIDENT THAT DESPITE REPEATED EMBASSY EFFORTS TO EMPHASIZE POINT THAT ACCORDING TO ALL CURRENT INDICATIONS ONLY OPEC COUNTRIES WILL BE PROHIBITED FROM GSP PARTICIPATION, SKEPTICISM STILL EXISTS WITHIN THE GOG. TITLE V SECTION 502 (B) STILL WORRIES THEM. NEVERTHELESS, PALOMO'S STATEMENT IS VERY MUCH IN KEEPING WITH TONE OF CA PRESIDENTS' COMMUNIQUE FROM PUERTO BARRIOS. GOG WISHES TO AVOID CONFRONTATION AND REMAIN FIRMLY SEATED ON THE FENCE BETWEEN THE US AND VENEZUELA. (END LIMITED OFFICIAL USE)
DECONTROL AFTER 1/21/77
MELOY

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